



Irish Life MAPS[®]

QUARTER 1 (Q1) 2016: JANUARY TO MARCH

SUPPORTING YOU WITH OUR NEW IRISH LIFE MAPS[®] CAMPAIGN

Our major new Irish Life Multi Asset Portfolio Funds (MAPS) campaign started on 11 April. The campaign encourages people to get their money working harder with Irish Life MAPS. The campaign includes TV, radio, press, outdoor, online and social media – so don't forget to follow Irish Life on Twitter, Facebook and LinkedIn to keep up to date and see all of the activity.



IRISH LIFE MAPS[®] FUND PERFORMANCE

The table below shows the total returns on each of the five Irish Life MAPS funds since launch (21st May 2013) and over the last 24 and 12 months. Irish Life MAPS is a long-term investment and we would always urge caution when looking at fund performances over time periods of less than five years.

FUND	MAP2	MAP3	MAP4	MAP5	MAP6
SINCE LAUNCH	10.7%	14.9%	21.6%	25.8%	18.4%
24 MONTHS	10%	14.6%	21.3%	24.4%	21.9%
12 MONTHS	1%	-0.07%	-1.74%	-3.12%	-7.36%

Source: Irish Life Investment Managers (ILIM). Gross returns shown to 31 March 2016, before any fund management charge.

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ECONOMIC LOOK-BACK Q1 2016

JANUARY JITTERS

2016 may be remembered for many reasons. Unfortunately, one of them will be the worst January for stock markets on record. Uncertainty over China, the December rate rise in the US and renewed concerns over global growth prospects all contributed to double digit losses across most share indices. February was not much better but eventually the magnitude of the falls coupled with some silver linings brought buyers back and by the end of the quarter shares markets had recovered most of their losses. Needless to say, bonds had a vastly contrasting experience, rising steadily over the quarter.



BROKEN CHINA

Once again China proved to be a driving force behind sharp market falls. Significant selling pressure in Chinese shares from the first trading day of the year related to plans to remove trading bans for large shareholders of Chinese shares and the introduction of poorly designed circuit breakers quickly spilled over into global share markets. Weakness in the Chinese currency also had investors prepared for a potential devaluation but it never came to pass. Over the quarter however, fears eased as economic data stabilised.

OIL SLICK

The price of oil was very volatile through the first quarter, finally ending up +6.2%. Early concerns centred on continued increases in production, rising inventory levels and Iran returning to international markets after international economic sanctions had been lifted. While lower oil prices are generally a positive and boost consumer spending power, there was a broader concern that the slowdown in global growth was a contributing factor to the weak price not to mention the potential impact of banks being exposed to a highly indebted, and now less profitable, oil sector.

CENTRAL BLANKS?!

Questions were raised of the effectiveness of Central Bank communications and interventions in the markets. Investors were beginning to question what else they could do to address falling inflation and growth fears. However, more assertive and positive responses, most notably from the US Federal Reserve and European Central Bank (ECB) helped restore both credibility and confidence.

SHARES, BONDS, COMMODITIES AND CURRENCIES

Over the quarter the MSCI ACWI share index fell 1.4% while Emerging Market shares rose 2.8% buoyed by more positive US Federal Reserve commentary. The US market rose 1% while the UK rose 0.2%. Japan however fell 12.5% impacted by disappointing economic releases. Meanwhile Eurozone >5 year bonds rose 5.4% as German 10-year yields fell to just 0.15% driven primarily by concerns over growth, low inflation and the ECB expanding their asset purchase programme. Over the quarter, the Euro rose against the US dollar from 108.6 to 1.14 and commodities rose 3.8% having been down 12.8% at one stage. Gold gained 16.4% benefitting from the general flight to safety.

Source: David Haslam, Head of Retail, Irish Life Investment Managers (ILIM), April 2016.

IRISH LIFE MAPS® ASSET SPLIT

There are five Irish Life MAPS funds to suit different attitudes to risk. The table below shows the strategic asset mix for each of the funds. As you can see the lower risk fund Multi Asset Portfolio 2 (MAP2) has a very high percentage in bonds and cash, which are traditionally less volatile assets. The higher risk fund MAP6 is predominantly invested in shares, which are traditionally more volatile than bonds or cash but have, in the past, given better long-term returns.

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FUND NAME	MAP2	MAP3	MAP4	MAP5	MAP6
Bonds	42%	25.50%	10.50%	0%	0%
External Managers/Alternatives	22%	22%	22%	15%	5%
Property	6%	7.50%	7.50%	7.50%	5%
Emerging Market Shares	0%	0%	0%	10%	32%
Low Volatility Shares	7%	14%	20%	17.50%	8%
Global Shares*	13%	26%	40%	50%	50%
Cash	10%	5%	0%	0%	0%

* See page 5 for more details.

The table shows the strategic asset mix and ILIM rebalance back to this mix on a quarterly basis. For the latest Irish Life MAPS fund mixes, see the factsheet at www.irishlife.ie.

ILIM will continue to monitor and review these assets and may change them over time.

IRISH LIFE MAPS® DIVERSIFICATION

As the table above shows each of the Irish Life MAPS funds is diversified across a range of asset types - shares, bonds, property, cash and external managers / alternatives.

Within each of these different asset types there is even further diversification, which is shown in detail on pages 5-7. This means that each of the Irish Life MAPS funds is highly diversified across asset type, within each asset type and across investment manager and strategy.

This level of diversification aims to ensure that the performance of the funds is not dependent on any one asset type, sector, geographical region, investment manager or investment style. Removing this dependence aims to produce a smoother investment journey over the longer term.

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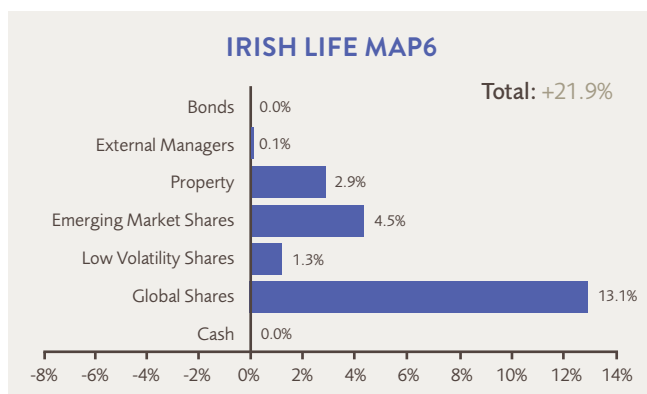
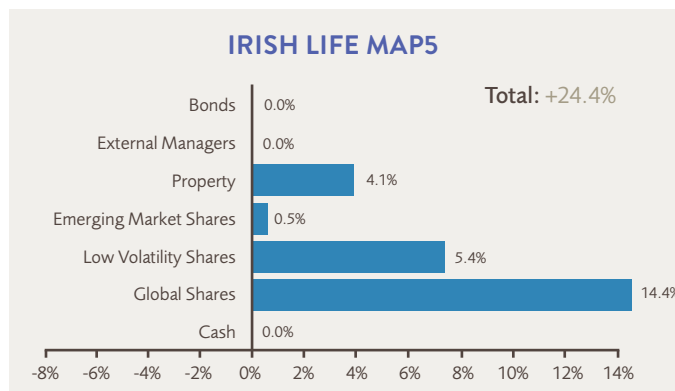
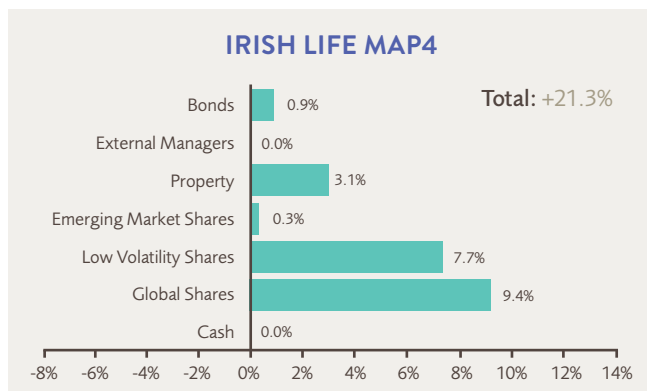
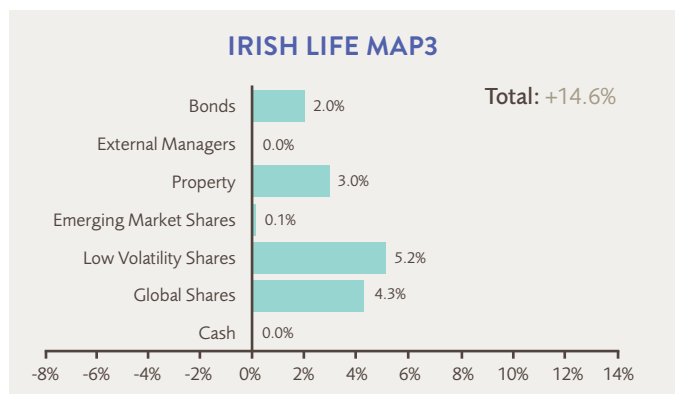
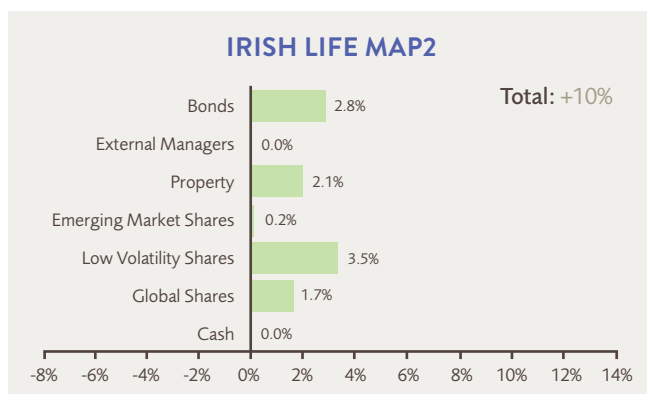
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PERFORMANCE BREAKDOWN

The graphs below split out the performance for each Irish Life MAPS fund over the last two years (1st April 2014 to 31st March 2016) into each of the component asset classes. For more on these asset classes see pages 5-7.

Taking Irish Life MAP2 as an example, it is up 10% over this two-year period. This 10% can be broken down as shown with 3.5% coming from Low Volatility Shares, 2.8% from Bonds, 2.1% from Property, 1.7% from Global Shares and 0.2% from Emerging Market Shares.



Source: ILIM

The data above is based on Money Mate fund performance and the breakdown of the individual asset class returns is approximate. The data above allows for the effect of the annual reviews of the funds over that period, for example, the move from Minimum Volatility Shares to Low Volatility Shares, the change in External Managers in 2015, the move from Developed Market Shares to Global Shares etc. It also allows for the impact of tactical allocations over the period.

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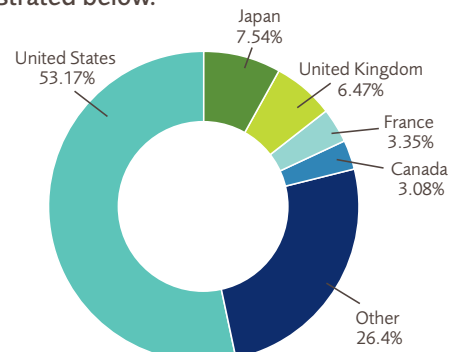
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1 Shares

GLOBAL SHARES

- ILIM track the performance of the MSCI All Country World Index (ACWI)* created by Morgan Stanley Capital International to provide exposure to Global Shares.
- The index consists of over 2,480 individual companies which operate in 10 different sectors.
- We use the DSC model (explained on page 10) on Global Shares.
- Global Shares includes about 10% in Emerging Market Shares.
- For the percentage of Global Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

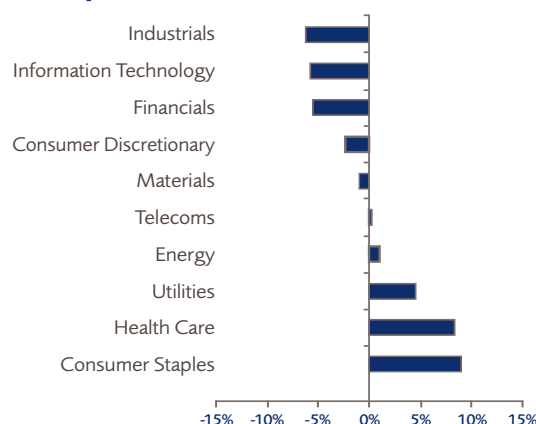
The geographic split of the index is illustrated below.



LOW VOLATILITY SHARES

- Using a detailed, quantitative strategy, ILIM choose shares from the MSCI World Index* which not only have shown lower volatility in the past but which are also screened for other indicators such as value, for example.
- ILIM choose around 150 shares to make up their Low Volatility Shares fund.
- For more information on our low volatility shares, see page 8. For the percentage of Low Volatility Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

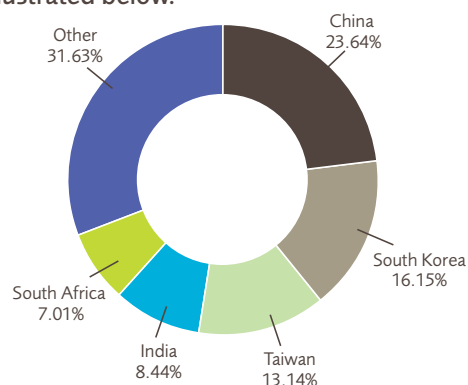
Low Volatility Shares weight compared to MSCI World Index



EMERGING MARKET SHARES

- ILIM track the performance of the MSCI Emerging Markets Index* created by Morgan Stanley Capital International to provide exposure to Emerging Market Shares.
- The index consists of 2,700 individual companies which operate in 23 different markets.
- For the percentage of Emerging Market Shares in each Irish Life MAPS fund, see the latest factsheet on www.irishlife.ie.

The geographic split of the index is illustrated below.



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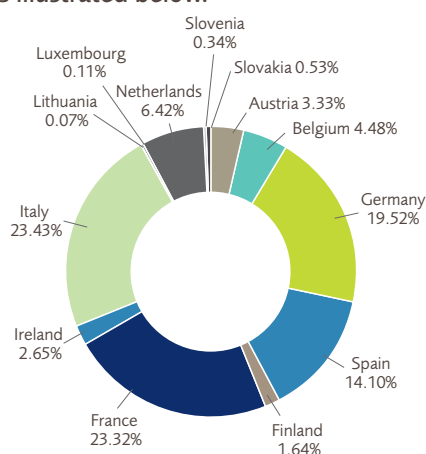
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2 Bonds

GOVERNMENT BONDS

- ILIM currently track the performance of the Merrill Lynch 1-5yr Eurozone Index** to provide exposure to government bonds.
- Within the bond allocation, ILIM choose the proportion to invest in government bonds and have discretion in relation to the index which is tracked.

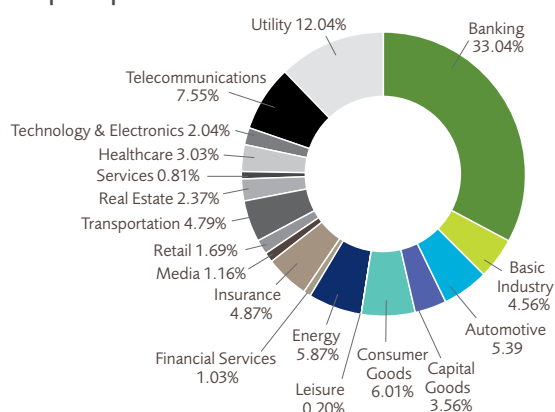
The geographic split of the Merrill Lynch 1-5yr Index is illustrated below.



CORPORATE BONDS

- ILIM currently track the performance of the Merrill Lynch EMU Large Cap Corporate Index** to provide exposure to corporate bonds.
- Within the bond allocation, ILIM choose the proportion to invest in corporate bonds and have discretion in relation to the index which is tracked.

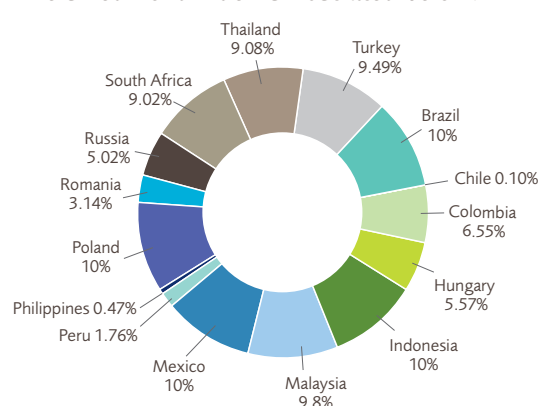
The sector split of the Merrill Lynch EMU Large Cap Corporate Index is illustrated below.



EMERGING MARKET DEBT

- ILIM currently track the performance of the JP Morgan Government Bond Index Emerging Markets (JP Morgan GBI EM) Global Diversified Bond Index to provide exposure to emerging market bonds.
- Within the bond allocation, ILIM choose the proportion to invest in emerging market bonds and have discretion in relation to the index which is tracked.

The geographic split of the JPM EM Global Diversified Bond Index is illustrated below.



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3 External Managers/Alternatives

ILIM recognise the need to incorporate alternative strategies within the Irish Life MAPS funds and have an active pipeline of external managers they monitor on an on-going basis. ILIM currently give access to eight leading global real and absolute return managers making up each Irish Life MAPS fund's External Managers / Alternatives portion. The percentage allocated to External Managers / Alternatives varies for each Irish Life MAPS fund and the latest factsheet on www.irishlife.ie will show this percentage.

Within this percentage, the target split across the eight managers is shown below as well as details of the managers themselves and the fund we invest in.

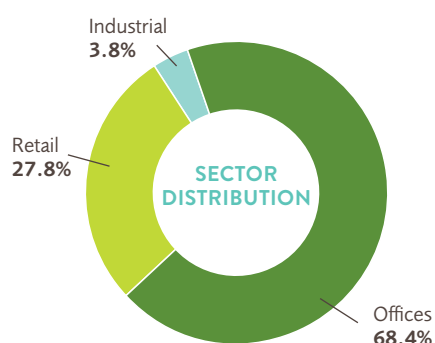
ILIM actively look for managers that can bring diverse performance at the right price. They monitor this performance on an ongoing basis and may choose to change the allocation to external managers or the target allocation within the External Manager allocation. They may also choose to replace, add or remove External Managers as opportunities arise and market conditions change.

Manager	Assets Managed	Fund Name
GMO Source www.gmo.com	\$118 billion	GMO Real Return Fund
Putnam Source www.putnam.com	\$156 billion	Putnam Total Return Fund
AQR Source www.aqr.com	\$136 billion	AQR Global Risk Parity AQR Style Premia
Blackrock Source www.blackrock.com	\$4.7 trillion	Blackrock FIGO Fund
PIMCO Source www.pimco.com	\$1.52 trillion	PIMCO Income Fund
JP Morgan Asset Management Source www.jpmorgan.com	€1.7 trillion	JP Morgan Systematic Alpha
Dunn Capital Management Source www.montlakeucits.com	\$1.1 billion	Montlake Dunn WMA
Morgan Stanley Investment Management Source www.morganstanley.com	\$2 trillion	MS Diversified Alpha Plus

Information correct at at December 2015.

4 Property

Each Irish Life MAPS fund currently has an allocation to property. Information on the property allocation at the end of March 2016 is shown below:



TOP FIVE HOLDINGS
PROPERTY
1 Adelaide Road, Dublin
2 Grand Canal Square, Dublin
City Gate, Mahon, Co. Cork
City Quay, Dublin
Stephen Court, Dublin

TOTAL VALUE OF THESE PROPERTIES



The portfolio comprises of:

- 71 individual property assets
- Leased to over 100 tenants
- Broad mix of commercial property - with exposure to offices, retail and industrial properties.

For the percentage of property invested in each MAP Fund, please see the factsheet on www.irishlife.ie.

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RISK MANAGEMENT

1 Low Volatility Shares

STRATEGY

The strategy is managed with a systematic and multi-factor investment approach which aims to deliver equity market returns with lower risk:

- Focus is on minimising maximum losses
- Stock selection is based on a range of low risk factors and defensive qualities.

HOW IT WORKS

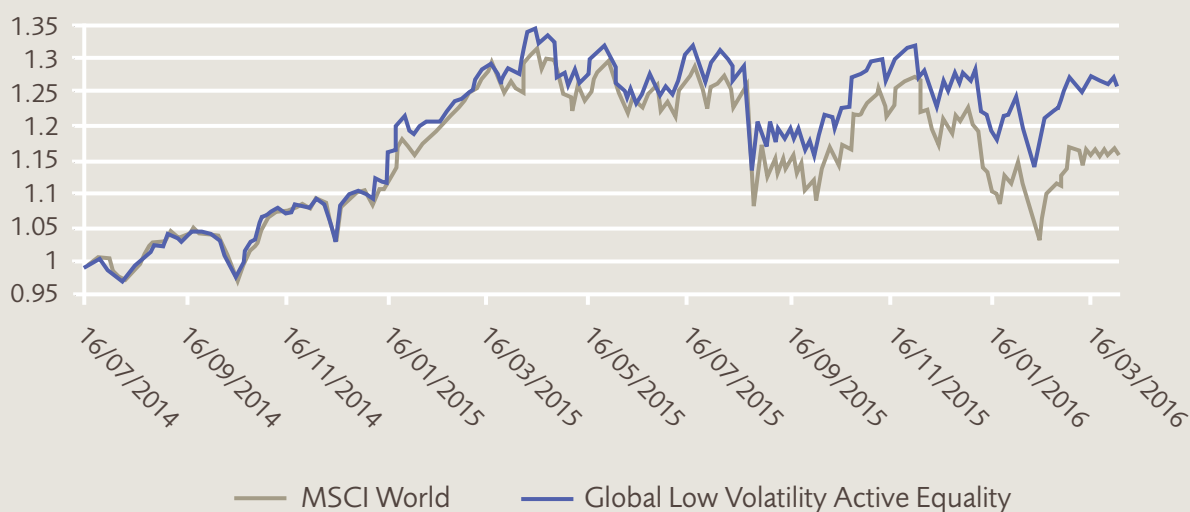
ILIM have identified key factors (valuation, risk, technical, quality and dividend) which when combined with defensive sector allocations minimise the total potential fall experienced by shares over time.

KEY BENEFITS

This strategy aims to deliver the following key benefits to investors:

- Reduce the peak-to-trough losses in periods of market stress
- Manage volatility
- Maintain equity market returns over the longer term.

CUMULATIVE RETURNS



PERFORMANCE SINCE INCEPTION 17/07/2014 TO 31/03/2016		
	Global Low Volatility Active Equity	MSCI World (Net)
Total Return	26.1%	15.4%

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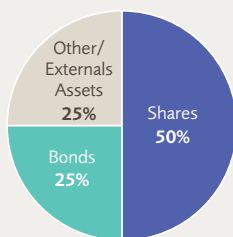
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2 Rebalancing

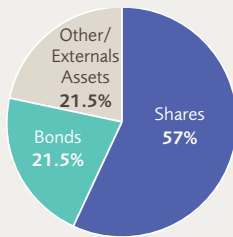
One of the most important risk management tools used by ILIM is quarterly rebalancing of each Irish Life MAPS fund. The example below shows why rebalancing is important and what could happen without it.

START YEAR 1



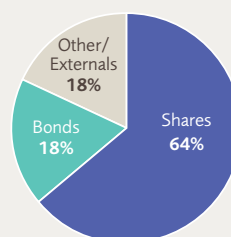
We start with this pie-chart, which shows a fund with 50% in shares, 25% in bonds and 25% in other assets/external managers.

START YEAR 2



If, over the course of a year, shares grew in value by 20%, while bonds and other assets/external managers both fell in value by 10%, then, **without rebalancing**, the second pie-chart shows the new split of the fund. Here 57% of the fund is now invested in shares.

START YEAR 3



If the same thing happened for a second year, we would end up as shown in the third pie-chart, with nearly two-thirds of the fund invested in shares, compared to the 50% we started with. This could mean that the fund is no longer suitable for the investor who chose to invest in the original mix. If the original mix of 50% shares, 25% bonds and 25% other assets/external managers is most suitable for an investor, they will not want to see their fund drift away from this mix over time.

This change in asset split can be avoided by regularly rebalancing the fund to ensure that it stays in line with its intended split. ILIM rebalances each of the Multi Asset Portfolio Funds on a quarterly basis and this means that each fund will not drift over time. This means that you don't have to worry about a fund becoming a higher risk rating than the one originally invested in.

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3 Dynamic Share to Cash Model



Each Irish Life MAPS fund uses the innovative Dynamic Share to Cash (DSC) model. The DSC is a quantitative model that has been developed by ILIM and it uses a number of factors across three broad categories.

The DSC aims to reduce the amount invested in shares and increase the amount in cash when it identifies greater potential for stock market falls.

The factors include:

FACTOR CATEGORY	MARKET MOMENTUM	VALUATIONS	GLOBAL MACROECONOMICS
OBJECTIVE	Take account of trends in shares	Take account of long-term valuation of shares	Take account of the influence of global economics on shares
INDIVIDUAL FACTORS	<ul style="list-style-type: none"> 12-month share market momentum 200-day moving average 	<ul style="list-style-type: none"> Long-term share values Earnings quality Earnings yield Earnings Revisions 	<ul style="list-style-type: none"> Real GDP growth rate Bond yield curve slope Energy price levels
Q1 2016 UPDATE	Improved towards the end of the quarter as share markets recovered.	Remained positive though it fell over the quarter as a result of share price rises and negative earnings revisions.	Still positive but also moved slightly lower over the quarter as Gross Domestic Product (GDP) expectations fell.
Q1 2016 INDICATOR	-	+	+

Based on how these factors move over time, the DSC will decide how much of each Irish Life MAPS fund to invest in Global Shares and how much to invest in cash. ILIM will regularly monitor and review these factors. Shares and how much to invest in cash. ILIM will regularly monitor and review these factors.

DSC UPDATE FOR QUARTER 1 2016

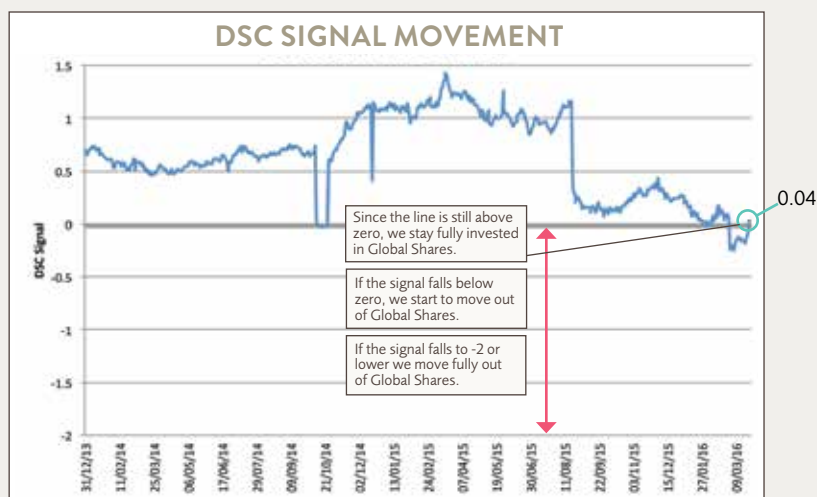


DSC SIGNAL EXPLAINED

As mentioned we monitor 3 broad categories of market indicators (Momentum in markets, Valuations and Global Macroeconomics) which have 9 underlying inputs that generate a 'signal'. These signals are represented by a number in the graph.

When the signal number is above zero Irish Life MAPS funds are fully invested in Global Shares but in stressed markets that can reduce.

In stressed markets, if the signal number falls below zero this triggers a switch from Global Shares to Cash in the Irish Life MAPS funds. The more negative the signal number becomes and the more we move out of Global Shares.



If the signal number reaches -2, the allocation to Global Shares is zero.

The graph shows how the DSC Signal has moved from 31/12/2013 until 31/3/2016. It reduced from 0.28 at the end of December 2015 to 0.04 at the end of March 2016.

During the quarter, as the graph shows, the DSC signal fell briefly below zero. This meant that for a short period in March, each Irish Life MAPS funds' allocation to Global Shares fell slightly and the allocation to cash increased. This was mainly a result of a number of negative earnings forecasts announced in February. These pushed the signal below zero. However, improved market momentum in March offset these and the signal moved back above zero. As a result, all of the Irish Life MAPS funds currently hold their maximum allocation to Global Shares.

To see this allocation, see the latest fund factsheets on www.irishlife.ie.

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ILIM'S CREDENTIALS

ILIM have designed the Irish Life MAPS funds. They have also developed and tested the DSC model and will expertly manage it over time.

ILIM currently take care of over €50 billion of assets for thousands of people across Ireland, including private investors and leading Irish and international companies. By investing in one of these funds through an Irish Life pension, savings or investment plan you will benefit from their experience and expertise.

ILIM are MULTI-AWARD WINNERS. They're recognised internationally for their expertise, innovation and track record:

- INVESTMENT MANAGER OF THE YEAR, three years running at the Irish Pension Awards 2013-2015.
- DOUBLE WINNER at European Pension Awards 2014.
- BEST EQUITY and BEST PASSIVE MANAGER.
- Only European Investment Manager to win twice at those awards.

IRISH LIFE MAPS®:

- > Choice through a range of funds
- > Generating smoother, long-term returns
- > Managing risk to stay on track
- > Delivering peace of mind
- > Available across our pension, investment and savings plans

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For more details please see www.irishlife.ie/investments or contact your financial broker or financial adviser.

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